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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

QUESTIONS AND ANSWERS ON THE
AGRICULTURAL ADJUSTMENT ACT OF 1938
AS IT APPLIES TO COTTON**A MESSAGE TO ALL COTTON PRODUCERS**

On March 12 all farmers who produced cotton in 1937 will be given an opportunity to vote on Cotton Marketing Quotas. The question will be:

"Do you favor marketing quotas for cotton in 1938?"

In this leaflet are questions and answers which give in brief form information about the new program. It is my hope that you will do the following things:

(1) Study this leaflet carefully, along with all other available information on marketing quotas; (2) make every effort to determine how quotas would, if approved, affect you individually, and how they would affect all producers, consumers, and the country generally; and (3) go to the voting place in your community on March 12 and cast your vote on the basis of your knowledge and carefully considered judgment.

H. R. TOLLEY, Administrator,
Agricultural Adjustment Administration.

GENERAL FEATURES OF ACT

1. Q. What is the Agricultural Adjustment Act of 1938?
 - A. An act of Congress, approved by the President February 16, 1938, which, among other things, continues, amends, and strengthens the Soil Conservation and Domestic Allotment Act and provides authority for the control of burdensome surpluses in five major commodities.
2. Q. What are the five commodities?
 - A. Cotton, tobacco, rice, corn, and wheat.
3. Q. How does the act provide control of these crop surpluses?
 - A. After supplies reach certain levels, marketing of the crops is regulated through the imposition of quotas.
4. Q. Who will put the quotas into effect?
 - A. The act puts them into effect, but they are subject to rejection by referendum vote of producers.
5. Q. How will this control surpluses?
 - A. By providing penalties on sales in excess of quotas.

MARKETING QUOTAS FOR COTTON

6. Q. When will cotton-marketing quotas be put into effect?
 - A. Whenever the supply of cotton exceeds the normal supply by more than 7 percent, unless quotas are opposed by more

than one-third of the producers. Quotas will be effective in 1938, unless disapproved by more than one-third of the cotton producers voting in the referendum to be held on March 12.

7. Q. What is a "normal supply" for 1938?
 - A. Approximately 18,200,000 bales. Normal supply is defined in the act as a normal year's domestic consumption and exports, plus 40 percent as an allowance for a normal carryover.
8. Q. What is the present supply of American cotton?
 - A. Almost 25,000,000 bales, resulting largely from the record crop of 18,700,000 bales in 1937.
9. Q. If marketing quotas are approved, what steps will be taken to put them into effect on individual farms?
 - A. The national cotton allotment proclaimed by the Secretary of Agriculture in terms of bales will be allocated to the States, in terms of the acres which, with average yields, would produce the national allotment, and the acreage allocated to the States will be apportioned to counties or administrative areas in the States and ultimately to farms.
10. Q. What is the total acreage which will be allotted to States, counties, and farms in 1938?
 - A. Approximately 26,300,000 acres.
11. Q. On the basis of average yields, how much cotton is expected to be produced on this number of acres?
 - A. Between 10,500,000 and 11,500,000 bales.
12. Q. How do cotton marketing quotas under the Adjustment Act of 1938 differ from the quotas under the Bankhead Act?
 - A. Under the Bankhead Act each cotton producer received a poundage allotment and paid a tax on all cotton ginned in excess of that allotment. Under the Adjustment Act of 1938, each cotton farm will receive an acreage allotment, and all cotton produced on the acreage allotment may be sold without any penalty.
13. Q. Will marketing quotas apply to all cotton?
 - A. Yes; except that they will not apply to cotton with a staple of 1½ inches or longer.

REFERENDUM

14. Q. When will farmers vote on 1938 cotton quotas?
 - A. On March 12, 1938.
15. Q. Who will be eligible to vote?
 - A. All farmers who produced cotton in 1937.
16. Q. Who will be in charge of the voting?
 - A. The county committees. They will select a voting place in each community and will select three local farmers to hold the referendum.
17. Q. Will the ballot be secret?
 - A. Yes.
18. Q. If two-thirds of the farmers taking part in the referendum vote for quotas, will they apply to States, counties, and communities where they are not approved?
 - A. Yes; the cotton problem is a national problem and not confined to any State or county. Consequently, the quotas will apply wherever cotton is produced.

APPORTIONMENT OF ALLOTMENTS

19. Q. How will the national cotton allotment be divided?
A. The national allotment will be divided among the cotton-growing States on the basis of the production of cotton in each State during the preceding 5 years, taking into account the acres diverted from cotton.
20. Q. How will the State allotments be divided?
A. Each State's allotment in terms of bales is translated into acres and divided among counties on the basis of the acreage planted to cotton in each county during the years 1933-37, inclusive, taking into consideration the acres diverted from cotton, but whatever additional allotment is necessary will be made to assure that no county shall receive less than 60 percent of the sum of the acreage planted in 1937 and the acreage diverted from cotton under the 1937 program.
21. Q. How will the county allotment be divided among farms?
A. It will be divided among farms on which cotton has been planted in any of the past 3 years as follows: All farms which have not planted and diverted as much as 5 acres of cotton in any of the 3 years, will receive as their allotments the largest number of acres planted and diverted in any 1 of the 3 years. All farms on which 5 acres or more of cotton were planted and diverted in any of the 3 years, will receive as their allotments 5 acres and an additional amount which will bring the total allotment up to a percentage of the farm cropland (excluding acreages devoted to wheat, tobacco, and rice) which will be the same for all farms in the county, or administrative area. Provision is made for a small county reserve which may be allotted to farms receiving 5 to 15 acres under the above provision.
22. Q. Will farms producing cotton in 1938, but which did not produce cotton during the past 3 years, receive allotments?
A. Yes; a small reserve acreage will be available in each State to be divided among these farms.
23. Q. Is there a limit to the acreage that may be allotted to a farm?
A. Yes; a farm on which cotton was planted in either 1935, 1936, or 1937 will not be allotted an acreage greater than the cotton acreage planted and diverted in any of these years.
24. Q. What is the marketing quota of the individual cotton farmer?
A. It is the cotton produced on his allotted acres, or the normal production on his allotted acres, whichever is the greater.
25. Q. Who handles the local apportionment of individual farm allotments?
A. The community and county committees.

PENALTIES

26. Q. What is the penalty for marketing cotton produced in 1938 in excess of the farm's marketing quota?
A. Two cents a pound on the excess production sold, to be collected by the buyer.
27. Q. If quotas are in effect, what is the disadvantage to a farmer if he knowingly plants cotton on his farm in excess of the farm acreage allotment?
A. He loses (1) all soil-conservation payments; (2) his cotton price adjustment payment; and (3) the opportunity to ob-

tain a loan on the marketing quota for the farm. However, he may receive a loan on cotton produced in excess of his marketing quota at 60 percent of the rate to cooperators.

28. Q. Do all farms have to pay the penalty on excess cotton?
A. No; the penalty does not apply to cotton produced on any farm which has received a cotton acreage allotment and on which the production is 1,000 pounds of lint cotton or less.

PAYMENTS

29. Q. What payments may cotton producers receive in 1938?
A. Producers who comply with the program will receive conservation payments and those otherwise eligible will receive cotton-price-adjustment payments on a portion of their 1937 crop. No additional payments have been provided in connection with marketing quotas.

LOANS

30. Q. Does the program provide for cotton loans?
A. Yes.
31. Q. Are loans to be available in 1938?
A. Yes; but only if marketing quotas are in effect. If quotas are rejected on March 12 by vote of the producers, loans will not be available before August 1, 1939.
32. Q. What will the loan rate be?
A. The act provides that the loan rate for $\frac{7}{8}$ -inch Middling cotton is to be fixed between 52 and 75 percent of the parity price of cotton. The loan rate may be increased or decreased in relation to grade and staple.
33. Q. Under what conditions will loans be made available in other years?
A. Either (1) when the price of cotton on August 1 is below 52 percent of parity, or (2) when the August crop estimate for cotton is greater than a normal year's domestic consumption and exports, unless marketing quotas have been rejected during the preceding marketing year, or are later rejected during the current marketing year.

SAFEGUARDS

34. Q. What provision is there for a review of a producer's marketing quota which seems unfair to him?
A. Provision is made for appeals to a review committee of farmers other than members of the local committees which made the allotment.
35. Q. How are growers protected in case of a crop failure?
A. They are assured payments on their normal production under the Agricultural Conservation Program, if they do not exceed their acreage allotments and meet other provisions of that program.
36. Q. May marketing quotas be altered after they become effective?
A. The Secretary of Agriculture may, under certain conditions, terminate quotas or he may increase by a uniform percentage the amount of cotton producers may market, in order to make a normal supply of cotton available. The act does not give the Secretary the power to decrease marketing quotas.

NOTE.—Additional information may be obtained from your county agent.